

Sub-Postmasters & Social Welfare Branch Managers – Taxation and PRSI

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Introduction

This manual sets out the income tax and PRSI treatment of individuals who are engaged as Sub-Postmasters by An Post, and Social Welfare (SW) Branch Managers by the Department of Social Protection (DSP).

1. Taxation– Employed or self-employed?

The question of whether an individual is an employee or self-employed for tax purposes depends on the facts and circumstances of their engagement. To determine employment status for taxation purposes, the five-step framework as set out in the Supreme Court judgement in the Karshan (Midlands) Ltd t/a Domino's Pizza case [2023] IESC 24 should be used. Tax and Duties Manual 05-01-30 '[Revenue Guidelines for Determining employment status for Taxation purposes](#)' sets out the process and steps to be followed during the determination and includes examples to assist businesses.

For income tax purposes, the five-step framework should be applied by An Post who are engaging Sub-Postmasters and the Department of Social Protection (DSP) who are engaging Social Welfare (SW) Branch Managers. If, following the application of the framework, An Post determine that the Sub-Postmasters, or DSP determine that the Branch Managers are self-employed for tax purposes, then this income should be returned as self-employment income. If this is the case, this income should be returned on the individuals annual Income Tax Return (Form 11) in accordance with the guidance in section 4 below.

2. Taxation and PRSI – employees

If following the application of the framework, An Post or DSP, respectively, determine that an individual is, in relation to that engagement, an employee for tax purposes, then his or her remuneration from that engagement is subject to deductions at source under the PAYE system and as such, income tax, USC and PRSI deductions are returned by their employer to Revenue. If the employee has other income that requires them to file an Income Tax Return (Form 11), their income from this employment should be included in their Form 11 under PAYE / BIK / Pensions.

The below guidance in sections 3 and 4 relates only to individuals who, following the application of the five-step framework, have been determined to be self-employed Sub-Postmasters by An Post or self-employed SW Branch Managers by the DSP.

3. PRSI– self-employed

Income paid to Sub-Postmasters by An Post and SW Branch Managers by DSP attracts class A Pay Related Social Insurance (PRSI) contributions which are deducted at source and paid to the DSP's Special Collection System.

In the case of Sub-Postmasters, class A PRSI is only charged on an element of the total payment made by An Post. The cost of staff engaged by Sub-Postmasters and a percentage of the scale payment made by the DSP (to cover expenses) are not within the class A PRSI charge.

With regard to SW Branch Managers, for 2016 and onwards, class A PRSI is only charged on an element of the total payment made to the SW Branch Managers. The cost of staff engaged by SW Branch Managers and a percentage of payments made by DSP other than salary are not within the class A PRSI charge.

Where a question arises from a Sub-Postmaster or SW Branch Manager in relation to PRSI payable on income received it should be referred to [DSP](#).

4. Completion of Form 11 – self-employed

Where self-employed Sub-Postmasters and SW Branch Managers are in receipt of income in addition to their payments from An Post and DSP, they are liable to pay PRSI on that income. When completing an annual Income Tax Return (Form 11), unless an individual otherwise qualifies for an exemption from PRSI, he/she should not claim an entitlement to such an exemption on the return.

The Income Tax Return (Form 11) provides for the reporting of income as a self-employed Sub-Postmaster or SW Branch Manager together with the amount of PRSI paid at source on such income in the Self-Employed Income section of the form. PRSI is charged in the normal way on all income returned including the Sub-Postmaster and SW Branch Manager income. A credit is then given to cancel the PRSI charge raised on the Sub-Postmaster and SW Branch Manager income that was already subject to PRSI at source.

The amount of this credit is capped at the amount of PRSI due on the Sub-Postmaster and SW Branch Manager income returned. No refund of PRSI is made of any excess credit that cannot be given in the assessment.

The following examples illustrate the position –

Example 1

Payment from An Post / DSP from which PRSI of €2,600 has been deducted at source.	€100,000	Consisting of all amounts paid by An Post/DSP as per contract.
Less Trading Expenses	€25,000	Wages, Rent of premises, etc.
Taxable as a Sub-Postmaster / SW Branch Manager	€75,000	Case I profits returned on Form 11
PRSI charged in assessment	€3,018.75	$€75,000 \times 4.025\%^1$
Reduction	€2,600	Amount deducted by An Post / DSP and paid directly to DSP special collection section.
PRSI payable in Assessment	€418.75	Total PRSI in the Assessment of €3,018.75 reduced by PRSI paid at source of €2,600.

¹ A revised Class S PRSI rate of 4.1% is applicable with effect from 1 October 2024. A blended rate of 4.025% is applicable on 2024 annual income due to the change of rate during the year.

Example 2

Payment from An Post / DSP from which PRSI of €3,200 has been deducted at source.	€100,000	Consisting of all amounts paid by An Post/DSP as per contract.
Less Trading Expenses	€25,000	Wages, Rent of premises, etc.
Taxable as a Sub-Postmaster / SW Branch Manager	€75,000	Case I profits returned on Form 11
PRSI charged in assessment	€3,018.75	$75,000 \times 4.025\%$
Reduction	€3,018.75	The total PRSI deducted at source by An Post / DSP exceeds the PRSI in the assessment. However, the reduction is limited to the actual PRSI charged in the assessment. A PRSI overpayment does not arise.
PRSI payable in Assessment	Nil	

Example 3

Payment from An Post / DSP from which PRSI of €3,200 has been deducted at source.	€100,000	Consisting of all amounts paid by An Post/DSP as per contract.
Less Trading Expenses	€25,000	Wages, Rent of premises, etc.
Taxable as a Sub-Postmaster / SW Branch Manager	€75,000	Case I profits returned on Form 11
Rental Income	€35,000	Case V
Total Taxable Income	€110,000	Case I + Case V
PRSI charged in assessment	€4,427.50	€110,000 x 4.025%
Reduction	€3,018.75	The PRSI element related to the Sub-Postmaster's / SW Branch Manager's business is taxable Case I of €75,000 x 4.025% = €3,018.75. The total PRSI deducted at source by An Post / DSP exceeds this amount. However, the reduction is limited to €3,018.75. A PRSI overpayment does not arise.
PRSI payable in Assessment	€1,408.75	Effectively, Case V of €35,000 x 4.025%.